

What American Labor Does Not See

By ALBERT JAY NOCK

FROM the point of view of the state, on the broadest interpretation of Machiavelli's maxim that it is the first duty of the state to keep itself rich and its people poor, modern war is coming increasingly to appear an extremely hazardous enterprise. Short wars, at not too long intervals, are the only ones that may be depended on nowadays to strengthen the state. They make trade brisk and create new centres of industry, and at the same time do not make disabling demands on the labor supply or alter too unfavorably the terms upon which labor may be had. The Spanish War is an excellent illustration of a profitable war; and England's recent series of small foreign wars, ending with the Boer War, was immensely profitable. But to lay out specifications for such a war now, with any kind of assurance that they can be followed, is very difficult and hereafter doubtless will be quite impossible. The Boer War itself showed how easily an enterprise which at the outset looked fairly safe might turn out disastrously. It improved trade and opened some new markets, but on the other hand it put the finishing touches on the education of British labor and made immense inroads upon the stability of the landholding classes. Even Lord Milner would probably now admit that the Boer War, all things considered, cost more than it came to. The earth's surface is so well plotted, spheres of influence are so close together, and international jealousy and watchfulness are so keen, that there is simply no telling when a war begun in good faith as a profitable short-time enterprise may suddenly go wrong and pass the point of diminishing returns.

The trouble is that as soon as war becomes of any magnitude its effect is to strengthen the position and enlarge the advantages of the very classes which normally it weakens and subdues. No clearer intimation of this fact could be found than the one given by President Wilson to his party organization in New Jersey. Modern war needs so much material and so many men, not only as fighters but as labor-motors, that when practiced on even a moderate scale the demand presses heavily on the supply, and labor approximates something like the terms of a monopoly. This is extremely bad for the state. As an organization of what some Continental economists call the "political means" of satisfying human desires—namely, the appropriation of the fruit of others' labor without compensation—obviously the state cannot suffer such an encroachment of the "economic means" without great and permanent detriment. Hence, when the state undertakes war on a large scale, it must employ its best energies in masterly accommodations for the sake of salvaging as much as possible of its power and prestige. Conscription of labor was possible a very long time ago, but now, unfortunately for itself, no state, not even Germany, may seriously attempt it. The state, accordingly, must keep continuously to the minimum of concession and compromise, meanwhile using every force of sentiment and persuasion to secure from labor a maximum voluntary surrender of its advantages; and the final position of the state depends chiefly on the skill which it has shown in carrying on this difficult process.

The Wilson Administration has from the beginning taken wise and able measures with labor. In comparison, for

example, with British labor, labor in the United States has had a very imperfectly developed philosophy. A long course of protectionist arguments has trained it to know nothing, officially at least, of the difference between real and apparent wages, the foundation of monopoly and its relation to wages and prices, and the general *raison d'être* of the phenomenon of a propertyless dependent class existing in such numbers as are found in a country like the United States. It does its thinking in trade-unionist terms—terms of wages, hours, conditions of labor, and "the higgling of the market." Here, then, the state has a great advantage. It can make most effective and satisfying concessions without seriously impairing its own position; and the Wilson Administration has done magnificently with the advantage presented, from the "Great Surrender" at the time of the threatened railway strike in 1916 down to the last act of the Walsh-Taft Board. It has made superb concessions in the matter of hours; its stand on the eight-hour day is almost spectacular. It has in principle overridden the Supreme Court in deference to the unionist objection to child labor. As for "the higgling of the market," it has granted workers in strongholds of non-unionism like Bethlehem and the packing industry the right to organize and to do collective bargaining. In the case of Bethlehem, it has ordered the revision or the complete elimination of the company's bonus system, readjustment of the piece rates, a minimum wage, the eight-hour day, overtime, and equal pay for equal work as between men and women.

Nothing could be better. The Government has given trade unionism precisely what trade unionism has all these years been asking for, and given it with no mean or reluctant hand. It has solidified trade unionist principles and policies and carried them further in eighteen months than the unions themselves could have carried them in eighteen years; and by so doing, without forfeiture of a single essential prerogative of its own, it has earned the gratitude and allegiance of organized labor in perpetuity. In short, it has done with trade unionists what Germany did with the old-time Marxians in the early days of the Confederation, and with the result, here as there, that the power and prestige of the state will be immeasurably enhanced. The Wilson Administration deserves credit for this admirably wise and forethoughtful performance as probably its greatest achievement. Yet in the mean time prices have been running a little high. Consumers and employers, salaried persons, and in general those who are out of Mr. Gompers's purview, have seen that, in relation to prices, the competitive increase in wages with the concomitant huge labor turnover has become a game of outrunning the constable. The Government, accordingly, seeks sanction from the placated trade unions for a further step in state Socialism, namely, the mobilization and direction of all the low-grade labor available, amounting to more than four-fifths of all the labor in the country, and for a comprehensive plan of wage-fixing.

This will undoubtedly be acceptable. As far as low-grade labor is concerned, trade unionism is not greatly impressed with responsibility as its brother's keeper. Since the War Labor Policies Board has given assurance that the

precedents of unionized industry are to be followed, trade unionism will probably see no cause for alarm in the proposed standardization of wages. Generally, no doubt, wage levels will remain as high as they are, and in many industries they will go higher. They will not, however, by any means go as high as they would if the "higgling of the market" were permitted freely to continue; and here is the first concession that the plan demands from trade unionism. It is not actually important. Labor must give up something in prospective apparent wages, but considered in real or absolute wages the sacrifice amounts to very little. There is a further concession, however, intimated in the Board's statement. To quote Mr. Frankfurter:

The Policies Board would have hesitated to ask labor to make whatever sacrifices wage-standardization involves, if the proper safeguards had not been erected. If profiteering had been allowed to go on unchecked and the cost of living had not been controlled, standardization would not have been right. Congress through the taxes on excess profits, the War Industries Board through its price-fixing, the President through the veto of \$2.40 wheat, have prepared the way for standardization of wages. Additional methods of keeping down the cost of living are being investigated at this time. All these measures, past and pending, have revealed the determination of the American people to let no one make money out of the war. What price-fixing means for the manufacturer, wage-standardization is to the workers of the country.

Some criticism might be made of Mr. Frankfurter's special pleading even from the standpoint of trade unionism. The tax on excess profits, for instance, is relatively not much more than a gesture. The average rate is about 31 per cent. Mr. Amos Pinchot, in a letter to the chairman of the Ways and Means Committee, tabulates the earnings of only 287 of our more important business concerns from 1911 to 1918, and finds that they have made in excess of the pre-war average over a billion and a half dollars; and he observes that if the English rate of 80 per cent. were levied on these companies alone, it would produce two-thirds of the total sum which the Treasury expects to raise from excess-profits taxes. Again, it might be said that price-fixing on the basis of a high fixed price for a whole industry, low-cost and high-cost companies alike, does not mean to the manufacturer quite what wage standardization means to the worker when "the precedents of unionized industry" are followed. Again, considering the fixed price on wheat, trade unionism might raise some question about the position of cotton—as a purely academic question, of course, since trade unionism has no official concern with farming interests. As to "the determination of the American people to let no one make money out of the war," trade unionism might find in these words of Mr. Pinchot a reasonable common measure of sacrifice as between employer and employed:

The corporations that are performing the tremendous work of supplying the Government with war materials should be encouraged. They should be well paid for their efficient and valuable services in helping to beat the Kaiser. But it seems a little too much that the public should have to pay fifteen hundred million dollars a year to less than three hundred companies in order to keep them on the job and key them to the necessary degree of patriotic activity. After all, intense as may be the patriotic effort of the executives and stockholders of these companies, it amounts to a lesser sacrifice than does the effort of our officers and common soldiers in France, who are facing death on the firing-line for a much smaller reward.

All this, however, is incidental, and the sacrifice involved is relatively insignificant. The supreme and pitiable sacri-

fice of advantage enforced upon American trade unionism is the sacrifice of progress. By its *liaison* with the state, trade unionism has condemned itself to an indefinite and stultifying satisfaction with its own grotesquely imperfect philosophy; and for this there seems to be no help. The state has met it upon its own ground and now it may not easily choose another; nay, it has foregone the discipline and information necessary to enable it to choose another. The consequence is that American trade unionism has and will have nothing whatever to offer in the councils of international labor; it has abdicated its place of vantage in favor of the state. Mr. Boardman Robinson's extraordinarily powerful and impressive cartoon in the current issue of the *Liberator* tells the whole story. The British Labor party opens its membership to brain workers, thereby establishing immediate and animating contact with the best that is being thought and said in the world; it sets forth a programme of social reconstruction that is the admiration of mankind. American trade unionism cuts itself off from every enlightening and liberalizing influence, and has nothing better to offer its British brethren than peevish exhortations to get on with the war.

The war has stimulated Continental labor to a diligent study of the history and philosophy of state development; it has considered the nature of the state by the light of such spirits as Turgot, Quesnay, the elder Mirabeau, Hertzka, Gumpłowicz, Tolstoy, and in this country Thomas Jefferson and Henry George. Immediately after the revolution, Russian labor brought forth the magnificent idea of a purely administrative and non-political government, and, albeit with every man's hand against it, set to work manfully to realize the conception. American trade unionism meets all this with disquisitions on collective bargaining and the virtues of the union label. European labor has determined the diffusion of ownership as the essential mark of democracy; it has come to the belief that whatever form the mechanics of government assume, those who own rule, and rule because they own. American trade unionism contentedly accepts the current notion of democracy as a state of things in which most men and some women have a vote. European labor is fast making up its mind that natural-resource monopoly, the monopoly of economic opportunity, is solely responsible for President Wilson's "economic serfdom" and for the existence of a propertyless laboring class. American trade unionism exhibits not the slightest organized interest in these matters, but remains content in the contemplation of shorter hours and increased apparent wages.

Here, indeed, are the stigmata of abject sacrifice. This self-immolation of labor is immeasurably advantageous to the state. It is an indispensable preliminary to the free exercise of all the state's traditional means of self-defence and instruments of self-aggrandizement. It opens the way for a régime of high protective tariffs, state-directed industry of the Prussian type, financial control of domestic and foreign policy, violent competition for foreign markets—in a word, for imperialism. But to labor itself, as we see in the case of Germany, where a similar policy has been worked out to practical perfection, it brings nothing in the end but appalling calamity—"the madness and misery," as Epictetus finely says, "of one who uses the appearance of things as the measure of their reality and uses it all wrong." It brings nothing but calamity to the nation, and through the nation, nothing but calamity to the world.

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